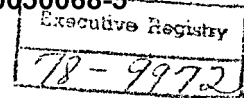


THE WHITE HOUSE

WASHINGTON

August 31, 1978



OLC #78-4050

*By file in FOIA  
White House*

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

Enclosed for your information is a copy of the Third Annual Report on executive branch administration of the Privacy Act of 1974, which I recently transmitted to the Congress.

The protection of personal privacy is of great concern to the American people, and an important priority of my Administration. I urge you to personally review this report and take steps to further improve your agency's administration of the Privacy Act.

The report indicates that many agencies have made substantial improvements in their implementation of the Act. I urge each of you, however, to initiate additional efforts during the coming year to reduce the amount of personal information collected and maintained by the Federal government, to avoid unwarranted disclosure of this information, and to improve the internal management of personal data systems.

I have asked the Director of the Office of Management and Budget to monitor these efforts and to keep me informed of your progress.

*Jimmy Carter*

EXECUTIVE SECRETARIAT (O/DCI)

OLC

Routing Slip

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	DD/RM				
4	DD/NFA				
5	DD/CT				
6	DD/A				
7	DD/O				
8	DD/S&T				
9	GC				
10	LC				
11	IG				
12	Compt				
13	D/PA				
14	D/EEO				
15	D/Pers				
16	AO/DCI				
17	C/IPS				
18					
19					
20					
21					
22					

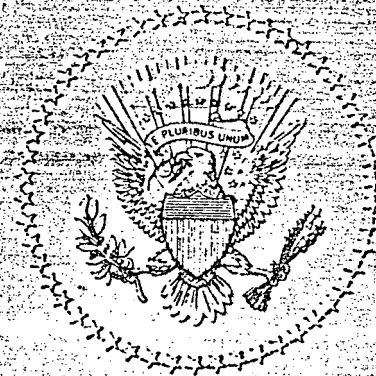
SUSPENSE DATE:

Remarks:

\* Provided covering letter, Table of Contents w/pp 1-5 only.

Executive Secretary

**FEDERAL PERSONAL DATA SYSTEMS  
SUBJECT TO  
THE PRIVACY ACT OF 1974**



**THIRD ANNUAL REPORT  
OF THE PRESIDENT**

**CALENDAR YEAR 1977**

TABLE OF CONTENTS

	<u>Page</u>
I Introduction	1
II Conclusions	2
III Summary of Accomplishments and Future Plans	<u>3</u>
IV Scope and Nature of Federal Personal Record-keeping	6
V Agency Administration of the Act	11
VI Changes in Patterns of Information Exchange	18
VII Exercise of Individual Rights	23
VIII Public Scrutiny of Federal Personal Record-keeping	32

Appendices

A. The Privacy Act of 1974

B. Summary Tables

1. Summary of Systems by Purpose
2. Summary of Systems by Major Budget Function and Agency
3. Use of Public Reports in Systems of Records
4. Summary of Systems Exempted by Agency
5. Summary of Exemptions by Authority and Agency

C. Inventory of Federal Personal Data Systems

## I. INTRODUCTION

The Privacy Act of 1974 (Public Law 93-579) provides that:

"The President shall submit to the Speaker of the House and the President of the Senate, by June 30 of each calendar year, a consolidated report, separately listing for each Federal agency the number of records contained in any system of records which were exempted from the application of this section under the provisions of subsections (j) and (k) of this section during the preceding calendar year, and the reasons for the exemptions, and such other information as indicates efforts to administer fully this section." (5 U.S.C. 552a(p)).

This Third Annual Report of executive branch activities under the Privacy Act covers operational experience during calendar year 1977. The report is based upon information submitted to OMB by executive branch agencies and OMB experiences in overseeing implementation of the Act.

In recognition of a fundamental right of individual privacy which is protected by the Constitution of the United States, the Privacy Act of 1974 established a system of checks and balances to regulate the collection, maintenance, use and dissemination of personal information by the Federal Government in order to achieve a balance between the Government's need to know and the individual's right to privacy. Under the Act:

Individuals have a right to:

- ° Know about and review personal information maintained about them by Federal agencies.
- ° Request that personal information which they believe to be incorrect be amended or corrected.
- ° Appeal adverse agency decisions relative to requests for amendment or correction.
- ° Sue an agency in U. S. District Courts for violations of the Act.

Federal departments and agencies are responsible for:

- Collecting and maintaining only that personal information which is relevant and necessary.
- Maintaining personal data in a timely and accurate manner.
- Safeguarding personal data and limiting unauthorized disclosure of such data.
- Assuring adequate opportunities for public scrutiny and comment on agency personal recordkeeping practices.

The Office of Management and Budget is responsible for:

- Providing oversight and assistance to agencies in their implementation of the Act.

## II CONCLUSIONS

The first two years of operation under the Privacy Act were devoted to the establishment of agency programs, policies and procedures for implementing the Act. Special emphasis was placed on identifying and inventorying the nature and magnitude of personal data which is collected and maintained by the Federal Government.

During 1977 many agencies undertook a comprehensive review of the types of data which they maintain about American citizens and their internal programs for managing this data.

Conclusions that can be drawn from experiences during 1977 are:

- Many agencies continued to devote significant resources to refining their programs for administering personal data.
- A number of agencies achieved significant reductions in the amount of personal data they maintain.
- Federal personal recordkeeping remained fairly stable during 1977, with agency reduction efforts balanced by growth in the size of some systems of records.
- Agencies are increasing their use of computers to maintain personal data.

- ° Public reporting is involved in only 568 of 6,424 systems of records (8.8%)-, but those systems account for 48.9% of the total individuals' records.
- ° There was little public comment received by Federal agencies during 1977 relative to the Privacy Act.
- ° The Federal Register is not an effective means for obtaining public comment on agency privacy issuances.
- ° The cost of publishing agency Privacy Act notices in the Federal Register is significant.
- ° Agencies placed greater emphasis on safeguarding personal data during 1977.
- ° The use of exemptions did not change significantly from 1976.
- ° Exemptions were generally invoked on a case by case basis and were not used automatically to deny access to records.
- ° The requirements to collect information directly from individuals have not adversely affected agency operations.
- ° The availability of information from third party sources has decreased in some areas.
- ° Inconsistencies between Federal, State and local privacy laws have created some problems.
- ° Most requests for access to records were made by members of the general public, and not Federal employees.
- ° More than 95% of all requests for access were granted.
- ° The number of lawsuits filed under the Privacy Act in 1977 was twice the number filed in 1976 (141 vs 69).

### III SUMMARY OF ACCOMPLISHMENTS AND FUTURE PLANS

#### Accomplishments

Federal activities during 1977 were directed towards the reduction of personal data maintained by Federal agencies in order to reduce unnecessary Government intrusion into the private lives of Americans and reduce the cost and burden of public reporting. This effort was initiated by the Director of OMB in a letter dated March 7, 1977 in

which the heads of each executive department and agency were requested to develop plans for eliminating or curtailing systems which contained personal information. Special letters were also sent to the heads of 17 major recordkeeping agencies, asking them to place a high priority on reducing the amount of personal data maintained by each agency. Among the results of this effort were:

- The Department of Defense, primarily through the elimination of duplicate records, reduced its number of systems from 2,219 to 2,150 and the number of individual records from 321.3 million to 296.7 million.
- The Department of Commerce eliminated eight systems and reduced the number of individual records by 14.3 million.
- The General Services Administration was able to eliminate 14 systems of records (15% of their total) and reduce their records on individuals by 44% (from 3.4 million to 1.5 million).
- The Department of Transportation eliminated 19 systems of records.
- The Civil Service Commission reduced the number of records it maintained from 103.3 million to 87.8 million (15%), but the majority of this was due to better estimates on the magnitude of recordkeeping.
- The Selective Service System reported that it eliminated 1.8 million draft records during 1977.
- A number of small agencies concluded that it was not feasible to reduce their personal recordkeeping since they were only collecting and maintaining the minimum personal information necessary to perform their mission.

#### Future Plans

Privacy Act activities during 1977 concentrated on a reduction in the number of systems and amount of data on individuals maintained by the Federal Government. Future activities will continue these efforts and concentrate on improving the management of personal data to assure compliance with the letter and spirit of the Privacy Act.



- ° Agencies have been encouraged to make their review of personal recordkeeping a continuing high priority process to assure that unnecessary new recordkeeping is prevented and that existing records, as they become unnecessary, are eliminated. The Departments of Labor and Commerce, and other agencies, have already committed themselves to this effort.
- ° In conjunction with the above action, agencies have been encouraged to undertake a qualitative zero-based review of their internal programs, policies and directives for administering the Privacy Act. The CIA, DOE, HEW, CSC, DOT and several other agencies have indicated their intent to conduct these intensive reviews during 1978.
- ° The Department of Defense has a program underway to review data collection forms in order to eliminate redundant data elements. This should significantly reduce the amount of data collected from DOD employees, who are the primary subjects of DOD record systems.
- ° The Department of Commerce is reviewing six major systems of records for possible elimination in 1978.
- ° The General Services Administration and the Department of Transportation are both continuing their reviews and anticipate further reductions.
- ° The Selective Service System expects to eliminate an additional 8 million records during 1978.
- ° During 1978 OMB will issue a government-wide computer security policy.
- ° There is currently underway a Presidential Privacy Initiative to identify further actions for protecting individual privacy. The basis for this study is the final report of the Privacy Protection Study Commission. The Domestic Policy Staff, OMB and other agencies are participating in this effort.
- ° During 1978 the Federal Data Processing Reorganization Project will release its final report on the Federal Government's acquisition, management and use of computers. A portion of this report specifically addresses privacy and confidentiality issues.